



***Program Compliance Office
Cal Grant Program Review Report***

2000-01 Award Year

**San Francisco Art Institute
Program Review ID#80300394800**

**800 Chestnut Street
San Francisco, CA 94133-2299**

Program Review Dates: 1/13/2003 - 1/15/2003

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AUDITOR'S REPORT

SUMMARY We reviewed San Francisco Art Institute administration of California Student Aid Commission (Commission) programs for the 2000-01 award year.

The institution's records disclosed the following deficiencies:

- Non-Compliance with the Web Grants Information Security/Confidentiality Agreement

BACKGROUND Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants

A and B

The following information, obtained from the institution and Commission database, is provided as background on the institution:

A. Institution

- Type of Organization: Private Institution of Higher Education
- President: Larry Thomas
- Accrediting Body: Western Association of Schools and Colleges
- Size of Student Body: 664

B. Institutional Persons Contacted

- Annita Alldrege: Director of Financial Aid
- Melinda Howard: Associate Director of Financial Aid

C. Financial Aid

- Date of Prior Commission Program Review: August 17, 1999
- Branches: None
- Financial Aid Programs: Federal: Pell, SEOG, Perkins, Work-Study and Direct Loans
State: Cal Grant A and B
- Financial Aid Consultant: None

AUDITOR'S REPORT (continued)

OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and their compliance with applicable laws, policies, contracts and institutional agreements as they pertain to the grant programs administered by the Commission.

The review will focus on, but not be limited to, the following areas:

- A. General Eligibility
- B. Applicant Eligibility
- C. Fund Disbursement and Refunds
- D. Roster and Reports
- E. File Maintenance and Records Retention
- F. Fiscal Responsibility and Program Funds

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that grant funds received by the institution are secure.
- Administration systems have adequate controls to ensure that grant payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in the conduct of this review include:

- Evaluate the current administrative procedures through interviews and reviews of student records, forms and procedures.
- Evaluate the current payment procedures through interviews and reviews of student records, forms and procedures.
- Review the records and grant payment transactions from a sample of 15 students who received a total of 14 Cal Grant A awards and 1 Cal Grant B award within the review period. The program review sample was randomly selected from the total population of 93 recipients.

This review was conducted in accordance with **Government Auditing Standards** issued by the Comptroller General of the United States. However, the procedures did not constitute a review of the institution's financial statements.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Commission grant funds were administered according to the applicable laws, policies, contracts and institutional agreements. Accordingly, transactions were examined on a test basis to determine whether grant funds were expended in an eligible manner. The auditor considered the institution's management controls only to the extent necessary to plan the review.

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California grant programs.

AUDITOR'S REPORT (continued)

**OBJECTIVES,
SCOPE AND
METHODOLOGY
(continued)**

The names and social security numbers of the sample of students reviewed have been excluded from the body of this report and have been replaced by identifying numbers. Attachment A is a listing of the students by name, social security number and grant type.

CONCLUSION

In conclusion, except for the deficiencies cited in the Findings and Required Actions section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commissions grant programs.

**VIEWS OF
RESPONSIBLE
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on January 15, 2003.

January 15, 2003

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

A. GENERAL ELIGIBILITY: **FINDING:** **Non-Compliance with the Web Grants Information Security/Confidentiality Agreement**

A review of Institution and Commission records disclosed that the school did not comply with the Web Grants Information Security and Confidentiality Agreement (Agreement).

DISCUSSION:

The Agreement states that the institution will notify the Commission in writing within five (5) working days to cancel the password and ID of any employee who ceases employment or whose duties change in any way that would alter his/her authorized need for access.

CSAC was not notified that a former Financial Aid Office staff person was no longer employed at the school. The Financial Aid Director could not locate evidence that the school deleted the former employee from the WebGrants system.

REFERENCES:

Institutional Agreement, Article II.E
Information Security and Confidentiality Agreement
Commission Special Alert, GSA 2000-01, 1/19/00

REQUIRED ACTION:

No liability resulted from the above finding. The institution contacted the Commission's Help Desk Support during the review and deleted the staff member that is longer employed at the Financial Aid Office. In response to the finding, the school is required to submit written administrative procedures and controls that will be implemented to fulfill the requirements of the Commission Information Security and Confidentiality Agreement.

INSTITUTION RESPONSE:

The San Francisco Art Institute (SFAI) has developed additional employee termination procedures for the financial aid office, which include a checklist whereby the employee's supervisor must confirm the eliminating of any granted access to state, federal or institutional websites or databases as part of the employee exiting procedures. This checklist must be completed the date of termination and will be retained as part of the employee file for reference.

AUDITOR REPLY:

The institution's action is deemed acceptable and no further action is required.

ATTACHMENT A - STUDENT SAMPLE
